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MIKE LEWIS
Commissioner

March 1, 2001

PROVIDER NOTICE 01-05

TO: Physicians
Durable Medical Equipment (DME) Medicaid Providers

SUBJECT: Revised Oxygen Therapy Coverage

Effective March 1, 2001, the oxygen therapy coverage previously outlined in Provider Notice 00-22 has been revised.

Oxygen is necessary for life. When we breathe in, oxygen enters the lungs and goes into the blood. When the lungs cannot transfer enough oxygen into the blood to sustain life, an oxygen program may be necessary.

Oxygen Therapy is a covered service based on medical necessity and requires prior authorization. Requests (see attached Prior Authorization form and revised Oxygen Therapy form) for coverage must be received by EDS within seven State working days after the oxygen equipment is dispensed. In order to receive a prior authorization number, both forms must be completed and submitted to EDS. Oxygen therapy is based on the degree of desaturation and/or hypoxemia. To assess patient's need for oxygen therapy, the following criteria must be met:

- a. The medical diagnosis must indicate a chronic debilitating medical condition, with evidence that other forms of treatment (such as medical and physical therapy directed at secretions, bronchospasm and infection) were tried without success, and that continuous oxygen therapy is required. **Oxygen will not be approved for PRN use only.**
- b. Recipients must meet the following criteria:
 1. Adults with a current ABG with a **PO2 at or below 59 mm Hg** or an **oxygen saturation at or below 89 percent**, taken at rest, breathing room air. If the attending physician certifies that an ABG procedure is unsafe for a patient, an oximetry for SaO2 may be performed instead. Pulse oximetry readings on adults will be considered only in unusual circumstances. Should pulse oximetry be performed, the prescribing physician must document why oximetry reading is necessary instead of arterial blood gas.
 2. Recipients 20 years old or less with a **SaO2 level:**
 - **For ages birth through three years, equal to or less than 94%**
 - **For ages four and above equal to or less than 89%**
- c. The physician must have seen the recipient and obtained the ABG or SaO2 **within 6 months** of prescribing oxygen therapy. Submission of a copy of a report from inpatient or outpatient hospital or emergency room setting will also meet this requirement. Prescriptions for oxygen therapy must include **all of the following:**
 1. type of oxygen equipment
 2. oxygen flow rate or concentration level
 3. frequency and duration of use
 4. estimate of the period of need
 5. circumstances under which oxygen is to be used
- d. Medical necessity initial approval is an approval for no more than three months. To renew approval, ABG or oximetry is required within the third month of the initial approval period. Approval for up to 12 months will be granted at this time if resulting pO2 values or SaO2 levels continue to meet criteria. If ABG or oximetry is not obtained within the third month of the initial approval period or in the case of subsequent recertification requests

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within six months prior to the end of the current certification period, approval will be granted beginning with the date of the qualifying ABG or oximetry reading.

e. Criteria for equipment reimbursement

1. Oxygen Concentrators will be considered for users requiring one or more tanks per month of compressed gas (stationary unit). Prior approval requests will automatically be subjected to a review to determine if a concentrator will be most cost effective.
2. Reimbursement will be made for portable O2 only in gaseous form. Medicaid will cover portable oxygen for limited use such as physician visits or trips to the hospital. This **must** be stated as such on the medical necessity or prior approval request. Portable systems that are used on a standby basis only will not be approved. **Only one portable system consisting of one tank and up to four refills per month will be approved based on a review of submitted medical justification.** An example of justification for refills includes but is not limited to multiple weekly visits for radiation or chemotherapy.
3. Medicaid will reimburse for only one stationary system.
4. **The DME supplier or a related corporation may not perform the ABG study or oximetry analysis used to determine medical necessity.**

NOTE: There are no restrictions related to oxygen flow rate and eligibility for oxygen coverage. The restriction is related only to the procedure codes covered. Please reference the attached information reflecting procedure codes, pricing and effective date for the revised oxygen therapy coverage.

Questions regarding this provider notice should be directed to the Long Term Care Provider/Recipient Management Unit at (334) 242-5657.

Mike Lewis
Commissioner

ML/dmm
Attachments

Distribution:

Alabama Durable Medical Equipment Association	Medical Association of the State of Alabama
Alabama State Medical Association	Alabama Hospital Association
Alabama Medicaid Agency Staff	Electronic Data Systems (EDS)

REMINDER: All Medicaid recipients are required to present their Medicaid eligibility card and proper identification to a provider of medical care of services for verification of eligibility when seeking treatment or service under the Medicaid program.